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production of the depreciated articles," (p. 353). The ultimate result being a diversification and intensification of farming, with a continuation in the future of the progress made in the recent past. "American agriculture was favored by fortune for some fifteen years; it will now have to put forth greater efforts, for less results perhaps; but it is capable of doing so" (p. 358). But there is no doubt of the final result.

As a final word on the question of the marketing of agricultural produce, M. Levasseur remarks on the protective tariffs, on grain especially, so much in vogue in Europe today. He traces the French protective legislation, without many words, to the cupidity of the land-owners, and characterizes it as at best an attempt to take money out of the pockets of one part of the French people in order to put it into those of another part.

T. B. VEBLEN.

Progressive Taxation in Theory and Practice. By EDWIN R. A SELIGMAN. Publications of the American Economic Association. Vol. ix., Nos. 1 and 2. pp. 222.

IN the present monograph, Professor Seligman, already well known as our foremost writer on theoretical finance, has taken up, with his accustomed scholarly thoroughness, the interesting problem of progressive taxation. The same care and industry and scholarship that characterized his admirable monograph on the *Incidence of Taxation*¹ is also noticeable on every page of the present work. In one important respect, however, the two essays differ: the present effort is marked by much less originality than its predecessor; it cannot be said to make any very positive contribution to either side of the controversy with which it is concerned. This difference was largely inevitable. So much thought had already been expended upon the question, the issues involved had been so thoroughly threshed out before Professor Seligman approached the problem, that there was little left to do except to restate the problem in the light of the best recent discussions, and to make a discriminating analysis of the strength and weakness in the reasoning of both champions and adversaries of progressive taxation—to separate the chaff from the grain. As a statement of the problem and as an examination of the conditions upon which its solution depends, the present essay is the best thing we have on the subject. It takes account of everything of importance that has thus

¹ Reviewed in vol. i. No. 2 of the JOURNAL (March, 1893).

far been developed in connection with the controversy about progressive taxation. Its utility is far greater than its originality. The historical, critical, and analytical chapters of the essay are the strongest—the carefully prepared historical appendices will particularly appeal to the special student of finance. The least satisfactory portion is the chapter in which the author states his own conclusions. His attitude is that of an apologist for progressive taxation; and, it must be added, that the apology is not a very convincing one.

Writers on taxation are now substantially agreed to accept faculty as the basis of taxation. The old doctrine of taxation in proportion to benefits received has been given up by scientific students as untenable, although it still lingers on in the language of the courts and in the utterances of those whose opinions have not been brought down to date. But though faculty is very generally accepted as the test of taxable capacity there is still wide difference of opinion as to how it is to be measured or to be realized in a concrete rule of taxation. The original idea of faculty had reference simply to conditions of production; it looked at faculty only on its positive side. A more enlarged conception later took also into the account consumption and turned attention to the negative aspect. It was on this side that the faculty theory gave rise to the doctrine of equality of sacrifice, which has been the starting point of most of the later upholders of the theory of progressive taxation. Different methods of applying this doctrine were adopted by different writers, but all of them involving the central idea that, since the intensity of our wants—and, therefore, the final utility of the income which satisfies them—diminishes as we ascend the scale of wants from the lower and more pressing to the higher and less urgent, a strictly proportional tax, *i. e.*, one at a uniform rate, involves relatively smaller sacrifices from the larger incomes and, therefore, violates the rule of equality. Or, put it in another form, it is maintained that taxable capacity increases in a more rapid ratio than income, and that sacrifice increases in a diminishing ratio. Under these circumstances it becomes necessary, in order to equalize the burdens upon all, to tax the larger incomes at higher rates than the smaller, the progression of rate stopping at the point where equal amounts of income are of equal value to their possessor, because of the equal intensity of his remaining wants at this point. This is, in essence, the theory of progressive taxation.

Now, it may at once be conceded that there is a large element of

truth in this position, without for a moment allowing that the logic of the argument demands progressive taxation. Progressive taxation means increase of rate with every given increase of income up to a certain point. Taxation has to do with quantities, with questions of *how much*, and unless the theory of progression can supply us with a definite rule for determining a mathematical scale of progression and for marking the point where further progression should cease, it must be said to have failed in making good its case, for until then it cannot be said to have provided a working rule of taxation, which is the real test in these matters. The attempts that have thus far been made to formulate a definite rule of progression are very unsatisfactory, and, without stopping to prove the assertion, it may be said, with a great degree of confidence, that such attempts are almost necessarily destined to failure. The basis upon which the theory of progression largely rests is the supposed constancy of the relation between human wants and the means of their satisfaction. This relationship is subjective, and, practically, at least, immeasurable, even laying aside the psychological difficulty introduced by the presence of the varying personal equation. How, then, are we to measure the sacrifices in taxation? The theory of progression gives us no answer and can give none. It results from this that it is necessarily and viciously arbitrary, and may become a dangerous temptation in the hands of the radical democracy. It may be admitted that proportional taxation is unequal and defective, that it must also necessarily fail to realize "ideal justice." But it is at least certain, definite, intelligible and practicable; and these are merits not to be too lightly valued in matters of legislation, even when they are secured at the expense of some "justice." Proportional taxation meets the requirements of expediency, even if it does not secure the ends of "justice." The danger is that progressive taxation, in its pursuit of "justice," may fail in the attainment of either, or, what is worse and almost as likely, may produce more injustice than what it seeks to avoid. The "equities of contribution" are, after all, a good deal of a fiction; there are other considerations of more vital consequence in taxation. Taxation was not designed to be an instrument of justice, and nothing is easier to prove than that, as ordinarily conceived, it works injustice. But it is probably as much as we may hope for in the present stage of social and political development that a system of taxation should attain its one universally recognized object, viz., the provision of an adequate reve-

nue—without producing unnecessary friction and without becoming the means of oppression. Until reformers know more about the ways of justice than they do at present, it will be the part of wisdom to hold fast to tried and known expedients in taxation. To tell us, as Professor Seligman does, that “if we never can reach an ideal, there is no good reason why we should not strive to get as close to it as possible,” without telling us in definite terms what that ideal is and how we are to approach it; to tell us that “on the whole less injustice will be done by adopting some form of progression than by accepting the universal rule of proportion,” without letting us into the secret of how to choose the proper form; to tell us that “progressive taxation is at all events neither more illogical nor more unjust than proportional taxation,” without telling us what either the logic or “justice” of taxation really demands; and, finally, to tell us that an “instability that works in the general direction of what is recognized as justice to a stability which is necessarily unjust,” without telling “what is recognized as justice,” and without giving even as much as a general direction how to work in the “general direction” of “justice,” is not simply to weaken respect for the principle of progressive taxation, but to lead us into a quagmire of difficulties without showing the way out of them, or even showing that there is a way out. The presentation is impressive, but not very illuminating. The most that can fairly be said for progressive taxation is that its strength, thus far, at least, consists mainly in the weakness of the opposed form; it has no really useful legs of its own to stand on.

A. C. MILLER.